

The emergence of new European federalism

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As it enters the 21st century, the European Union is increasingly being forced to make choices that will determine its future. Given the growing number of major problems, can it get by with a constant stream of partial reform measures or, should it tackle the problems head on and seek a global long-term solution? The coming entry of as many as 13 new members poses a fundamental question about the purpose of the Union and its structure. Should its dynamic core group be reinforced to enable the EU to continue on the federalist path and make sure it can function effectively? Or should the Union give in to the temptation of a "laissez faire" approach that would reduce it to a free trade area without a political dimension. The recent advances in the integration process and the commitment to institutional reform as part of the enlargement process show a new willingness to resolve this dilemma, manifest since the EU's creation.

While the process of deepening the Union affects the degree of federalisation and the internal balance of power, the Union's international responsibility concerns its identity in terms of foreign policy, security and defence as well as its response to globalisation and its relationship with the US and Russia, in particular. This means the Union can no longer avoid its responsibility at regional and global level: the largest economic power cannot remain a bit player on the world's political stage. Its role is now even more important since its model of unconstrained free association which contrasts with the forced integration practiced by the former Soviet Union and which differs from the strategy of the sole superpower, exercises a strong attraction for many countries, by its example and its contribution to a lasting peace.

Sovereignty has moved from being absolute to relative. From an abstract concept, it acquired concrete form in the ability to take autonomous decisions and to implement them. These changes are in part the consequence of the erosion of national sovereignties, particularly in Europe, following two world wars and the effects of interdependence. No longer

single and indivisible, sovereignty is becoming multiple and divisible. EU countries have become progressively involved in a search for an original form of federalism as they share sovereignty in various sectors and share resources as needs arise. This pragmatic approach is leading to political union. In his speech to The Hague Congress in 1948, Winston Churchill, while recognising that sovereignty is an emotive word, gave his premonitory vision of *shared sovereignty*. "It is said with truth that this involves some sacrifice or merger of national sovereignty but it is also possible and not less agreeable to regard it as the gradual assumption by all the nations concerned of that larger sovereignty which can alone protect their diverse and their distinctive customs and characteristics, and their national traditions." This is the very essence of the federalist approach, encapsulated in the formula "unity in diversity". Half-a-century of European integration bears witness to the validity of Churchill's vision: not only has the EU left the separate identities of member countries intact, it has proved the best means of preserving them in the face of globalisation.

While remaining key actors, member states have devolved internally a certain number of activities to *Länder* or regions. At the same time, they have pooled certain powers, assigning them to joint institutions in cases where they can no longer exercise such authority effectively or only partially and at high cost. To retain their influence, they have opted for the practice of shared sovereignty. The instrument they have chosen is the principle of subsidiarity, one of the basic federalist principles.

■ AN OMNIPRESENT PRINCIPLE

Subsidiarity helps to achieve the Union's objectives and particularly to optimise the allocation of power at various levels: Union, national governments, regions and local communities. Competence is allocated on the basis of the size of tasks to be accomplished and the resources available to ensure effective implementation. As dimensions and demands (in sectors like transport, energy, employment, the environment and security) increase, the decision-making level rises to the Union and beyond.

At its level, the Union must only take on tasks which are beyond the capability of member states or which it can carry out more effectively and at a lower cost. Essentially, this involves evaluations and decisions based on comparative advantages and a scale of values adopted by a political Community. The purpose of the 1997 protocol on subsidiarity and proportionality is to formalise and generalise the application of these federalist princi-

ples. Thus, the principle of subsidiarity serves both as a protection against the excessive accumulation of central power and a future guideline for sharing out new responsibilities. In contrast to established federations, the European Union is in constant development, advancing from one reform to another, in an impressive process to produce a functional balance between Community or supranational institutions and intergovernmental structures.

■ A FEDERAL PILLAR: THE ECB AND THE EURO

The Maastricht treaty launched what was in principle the irreversible process of sharing one of the essential attributes of national sovereignty, the single currency. The single currency established throughout the kingdom of France by Louis IX did French unity a great service. The same is true of the formation of federations and nation states. In contrast to established procedures, where political union preceded the single currency, European monetary union has been set up without prior political union. This is the federalist process in reverse.

The creation of the European System of Central Banks (ESCB), the European Central Bank (ECB) and the single currency has opened a new stage in European integration by pooling the monetary sovereignty of 12 EU members, who form a vanguard aimed at pulling along the other three in their wake. The range of objectives, criteria, rules and institutional innovations involved in this process bear witness to the EU's federalist vocation.

Based on the American Federal Reserve model and the more direct experience of the Deutsche Bundesbank, the ECB has been given a great deal of autonomy in compliance with the principle of the independence of monetary institutions. While its principal objective is to maintain price stability, the ECB will also support the Union's general economic policies as well as help to achieve its objectives. But, in contrast to national central banks, the ECB belongs to a partial and incomplete political system, characterised by a persistent imbalance between economic and political integration. The European system is directed by the ECB's decision-making bodies, a council of governors and an executive board whose responsibility has not yet been clearly defined.

The appearance of the euro will gradually produce both powerful and continuing effects. The euro has begun to enter the daily life of individual Europeans as well as world markets, creating awareness of European identity both inside and outside the Union. A new threshold has been crossed with the euro: important aspects of national sovereignty have been shared to form a federal pillar in terms of European integration. The European currency (a tangible sign of joint political will) is going to alter considerably finance and banking in Europe. The establishment of an initial

euro zone with 12 countries is a positive example for the future of how a core group can move ahead on their own.

Other features of the direction the EU is taking also seem to fit in with the search for a specific type of European federalism. In the absence of a general federal model, it is essential for the Union, as it carries out its present and future tasks, to do so in ways that remain closely in tune with the federalist spirit and principles.

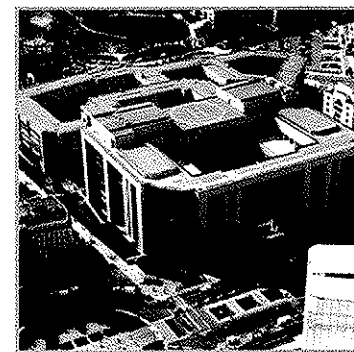
In contrast to the formation of national or federal states based on conquest, war or constraint, the European Union is based on freely agreed association decided on barely five years after the end of



The ECB: one of the Union's federal pillars.

World War Two. The European Union consists of joint institutions with limited but effective powers, exercised in ways generally associated with federal systems. While assuming certain functions of a political community (particularly in the economic domain), these institutions guarantee both the autonomy of member states and their participation in decision-making. The efficiency and originality of the Community system lies in the dynamic balance between real Community institutions (the Commission and European Parliament) whose function is to serve the general interest, and joint institutions (the Council of Ministers and the European Council) which take decisions on the basis of national interests.

This balance aims to guarantee the Union's increased capacity for action while affording the best protection for the different identities of the member states against globalisation and its centralising pressures. The process of European integration has also offered a framework for regional and local identities to express themselves within the Union and its members without causing their disintegration. As





Winston Churchill waits to address The Hague congress in 1948.

we have seen, states shift responsibility upwards when sharing and jointly exercising certain "sovereign" powers while, in other cases, they devolve responsibility to *Länder*, regions and provinces, or even to municipalities and local authorities. In line with the principle of subsidiarity, tasks are redistributed to their most appropriate level.

Furthermore, these new areas of participation in EU affairs tend to raise demands for closer links to citizens and requirements for more effective action. It is therefore necessary to bring citizens and European institutions closer together by increasing channels of access and communication structures.

■ FROM COMMITTEE OF THE REGIONS TO REGIONAL SENATE?

Between the European Parliament, which directly represents citizens, and a widespread network of consultative committees, the Committee of the Regions offers a new intermediate level of participation. When the Maastricht treaty was being drawn up, the German *Länder* proposed creating a regional senate. Although Maastricht created the Committee of the Regions, it was granted only consultative status with no direct part in the decision-taking process. While the Committee's political purpose is clear from the presence of elected representatives from regions, cities and local communities, the disparate nature of its members makes it difficult to transform it into a regional senate.

Nonetheless, it is developing into a sort of intermediate mechanism, a voice for regional, municipal and local diversity within the Union. In this context, the Committee represents an institutional and democratic complement to the Union's regional policy whose structural funds aim to create political and economic balance between the regions and bear witness to a commitment to European solidarity.

One other institutional aspect of the European Union is worth noting: in accordance with a federalist principle, the Union not only guarantees respect for "minority communities" or smaller member states; it also tends to favour them. The composition of the Council and European Parliament is proof of this.

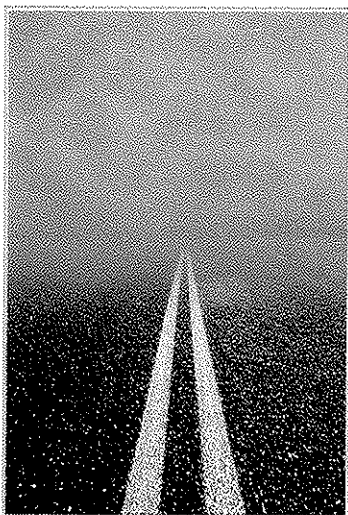
All states are represented in the Council. Decisions requiring unanimity aim to guarantee equality between member states irrespective of differences in political and economic weight or the degree of influence they can exert. However, even where decisions are taken on a qualified majority basis (a rule which is becoming more frequent with each successive reform), the weighting of member state votes seeks to protect and favour smaller states. The current distribution needed revision prior to enlargement to prevent the large EU countries being outvoted by an increased number of small and medium-sized states.

Another noteworthy trend is the move towards an original type of parliamentary federalism. In fact, the Maastricht and Amsterdam treaties reinforced the European Parliament's role as co-legislator and its authority over the investiture and monitoring of the Commission. The procedure used for designating and nominating the Santer and Prodi Commissions reflects this enhanced role. In terms of exercising its political control, the resignation of the Santer Commission and the subsequent Commission reforms offer the best proof possible of this authority.

■ CFSP: THE ACHILLES' HEEL

Full-scale European integration, implying parallel steps towards economic and political approaches, was abandoned following the failure to create a European Defence Community in 1954 in favour of economic integration on its own. Despite the political breakthrough which the single currency represents, foreign and security policy and even defence are still treated as adjuncts of economic policy. The CFSP has certainly made some progress since the Amsterdam treaty. But is it enough to enable the EU to meet external challenges? The persistent imbalance between economic integration and political cooperation is aggravated by the absence of an independent defence and intervention capability.

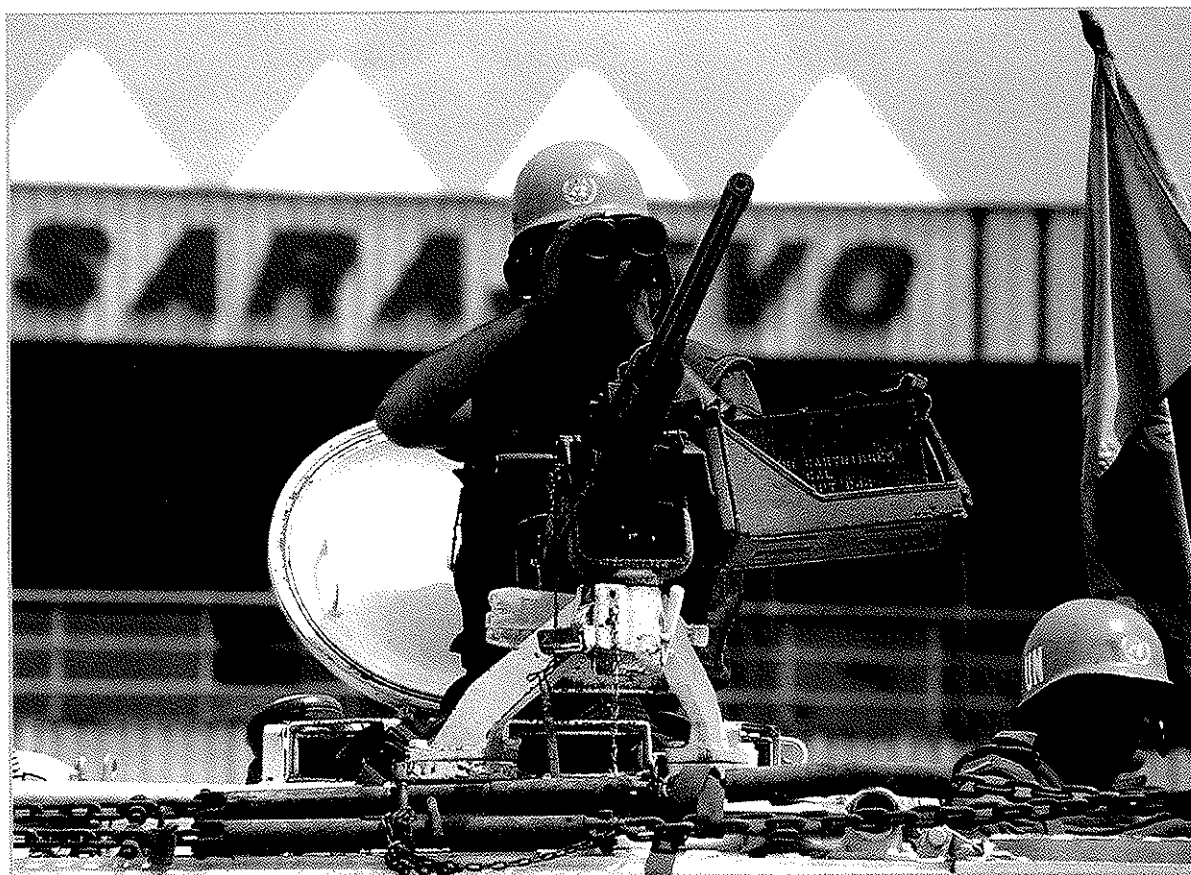
The Yugoslav crisis and the more recent war against Yugoslavia demonstrated the dominant role played by the US in Nato and the secondary position of the EU. As during the Cold War, and despite its wish to pursue an independent foreign policy, the Union again revealed its dependence on the US in the defence area. The solution to the problem has not changed since the days of Churchill and de Gaulle, when the former told The Hague Congress in 1948: "It is impossible to separate economics from the general political structure. Mutual aid in the economic field and joint military defence must inevitably be accompanied step by step with a parallel policy of closer political union".



For his part, General de Gaulle took the line that "Europe cannot have a political identity so long as it does not have a defence identity".

The beginnings of a solution came nearly 50 years later, when the Union decided at the Helsinki Summit (December 1999) to establish an intervention force of 50,000 to 60,000 soldiers. Instruments to prevent and manage crises and civil conflicts were also set up. But these mostly intergovern-

For its part, the European Council would become the collegiate presidency while the Commission would be confirmed in its role of real executive, legitimised by the two chambers and responsible to Parliament and the European Council. This is only one of the options for a federalist system from amongst the current trends within the Union. In contrast to traditional federations, the Committee of the Regions, transformed into a



mental mechanisms, without the counterweight of a Commission to define the common interest, are exposed to paralysis, malfunction or dominance by large member states, as experience throughout the Yugoslav conflict showed. The effects of these eminently political issues certainly have repercussions on other pillars of the Union. This is why any choice made by Europe is important.

■ COMING CLOSER TO THE FEDERAL MODEL

Other basic principles inherent in the majority of European political cultures like the separation of powers, responsibility and democratic control are only partly recognised in the Union. Thus, the separation of powers would tend to remove the ambiguity and confusion between the Council's executive and legislative authority. One way forward would be to split this body into a Council of Ministers which would retain its executive functions and a Council of States which would assume legislative functions alongside the European Parliament in a bi-cameral model.

third chamber, would give a voice to an intermediate level of governance and participation as requested by *Länder*, regions, cities and local communities.

The complexity of European integration grows when this institutional approach is called upon to interconnect with the socio-economic actors, companies, interest groups and political groups which function at European level. The establishment of cooperation networks between public bodies, public and private players and the trend towards federalism and regionalism within member states make up a fabric that fits in with the federalist method and procedures. Without any power to enforce compliance, the Union is condemned to innovate, with its power based to a greater extent on promotion, stimulation and involvement rather than on any legitimate use of force. It must therefore define joint options and objectives in its internal workings as well as its external relations. Operating at the interface of new methods of management and liberating communications, it seems to embody Denis de Rougemont's premonitory vision of a new European federalism.

The Europeans learned a lesson in Bosnia.

